

Milk Pricing

NEWSLETTER



Dairy Marketing Branch, CDFA

June 2004

National Cheddar Cheese and Butter Commodity Prices Decline

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (See *national commodities prices chart on page 2*).

The national commodity price for nonfat dry milk increased slightly, while Grade A butter and Cheddar cheese prices showed sharp decreases in price. Consequently, all types of milk decreased in price: whole milk decreased thirty-one and seven tenths cents per gallon; reduced fat milk decreased twenty-nine and eight tenths cents per gallon; lowfat milk decreased twenty-eight and nine tenths cents per gallon; and skim milk decreased twenty-two and four tenths cents per gallon.

**See lowest reported lawful retail milk prices on page 2.*

California milk production increased slightly while milk production across the U.S. continued to remain slightly less than last year levels. Nationally, milk cow numbers and milk production per cow continues to hover near last year levels or slightly lower. Total cheese production is higher than last year levels, while butter production is down compared to this time last year. The demand for dairy products remains strong, despite increases in prices at the retail level. The upcoming school vacation season will enable more milk to be diverted to producing other dairy products, such as ice cream.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

Minimum Prices for the Four Types of Fluid Milk by Container Size for July 2004

Northern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.579	\$0.789	\$0.395	\$0.197	\$0.132	\$0.099
Reduced Fat (2%)	\$1.424	\$0.712	\$0.356	\$0.178	\$0.119	\$0.089
Lowfat (1%)	\$1.332	\$0.666	\$0.333	\$0.166	\$0.111	\$0.083
Nonfat (Skim)	\$0.996	\$0.498	\$0.249	\$0.124	\$0.083	\$0.062
Southern California						
Whole Milk	\$1.602	\$0.801	\$0.401	\$0.200	\$0.134	\$0.100
Reduced Fat (2%)	\$1.447	\$0.724	\$0.362	\$0.181	\$0.121	\$0.090
Lowfat (1%)	\$1.355	\$0.678	\$0.339	\$0.169	\$0.113	\$0.085
Nonfat (Skim)	\$1.020	\$0.510	\$0.255	\$0.128	\$0.085	\$0.064
Price Changes from the Previous Pricing Period						
	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$0.317↓	\$0.158↓	\$0.079↓	\$0.040↓	\$0.026↓	\$0.020↓
Reduced Fat (2%)	\$0.298↓	\$0.149↓	\$0.075↓	\$0.037↓	\$0.025↓	\$0.019↓
Lowfat (1%)	\$0.289↓	\$0.144↓	\$0.072↓	\$0.036↓	\$0.024↓	\$0.018↓
Nonfat (Skim)	\$0.224↓	\$0.112↓	\$0.056↓	\$0.028↓	\$0.019↓	\$0.014↓

California Department of Food and Agriculture (CDFA)

A.G. Kawamura, Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California
Phone (916) 341-5988; Website: www.cdffa.ca.gov/dairy; email address: dairy@cdffa.ca.gov

Minimum Prices for the Milk Component of Various Manufactured Dairy Products

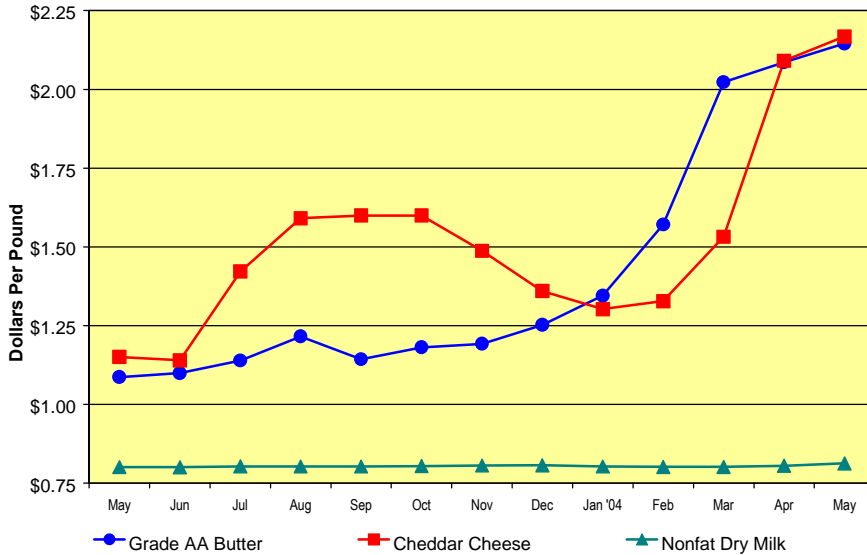
The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/quart)	Super- Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
Aug '03	\$0.18	\$1.13	\$0.44
Sept	\$0.18	\$1.13	\$0.44
Oct	\$0.18	\$1.15	\$0.44
Nov	\$0.18	\$1.15	\$0.44
Dec	\$0.18	\$1.16	\$0.45
Jan '04	\$0.18	\$1.16	\$0.45
Feb	\$0.19	\$1.27	\$0.49
Mar	\$0.19	\$1.27	\$0.49
Apr	\$0.20	\$1.70	\$0.64
May	\$0.20	\$1.70	\$0.64
June	\$0.21	\$1.90	\$0.71

National Commodity Prices May 2003 - May 2004

Grade AA Butter, Block Cheddar Cheese, Nonfat Dry Milk



Lowest Reported Lawful Retail Prices for Milk June 2004

	Two-Pack	Single Gallon
<u>Northern California</u>		
Whole Milk	\$5.99	\$3.00
2% Reduced Fat	\$5.59	\$2.80
1% Lowfat	\$5.59	\$2.80
Nonfat/Skim	\$4.39	\$2.20
<u>Southern California</u>		
Whole Milk	\$5.95	\$2.98
2% Reduced Fat	\$5.55	\$2.78
1% Lowfat	\$5.55	\$2.78
Nonfat/Skim	\$4.37	\$2.19

**This newsletter can also be found on our website at:
www.cdfta.ca.gov/dairy/milkpricing.nl.html**

In accordance with the California Government Code and ADA requirements, this publication can be made available in an alternative format by contacting Karen Dapper at (916) 341-5988, by email at dairy@cdfta.ca.gov, or by contacting TDD 1-800-735-0193.

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